

ON-SITE SYSTEMS, INC.
A PUBLIC UTILITY CO.

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January 14, 2002

TN REGULATORY AUTHORITY
DOCKET ROOM

Honorable Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

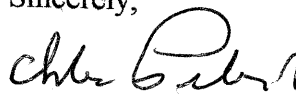
RE: Testimony in support of petition to revise monthly residential sewer
rate for Southridge Subdivision

Dear Chairman Kyle:

On November 6, 2002, a petition was sent to you regarding a change in the monthly
residential sewer charge for Southridge Subdivision in Montgomery County. (Docket #
02-01219).

The attached testimony is being submitted in support of that petition.

Sincerely,


Charles Pickney, Jr., President
On-Site Systems, Inc.

7638 River Road Pike, Nashville, TN 37209-5733
(615) 356-2880 Fax (615) 356-7295

TESTIMONY OF CHARLES L. PICKNEY, JR.

On-Site Systems, Inc. is a Tennessee corporation that was formed in March of 1993. The corporation has four stockholders and officers: Charles Pickney, Jr. – President, Robert Pickney – Vice President/Treasurer, Thomas Pickney – Vice President, and William Pickney – Secretary. The purpose of forming the corporation was to establish a public utility company that would provide sewer service.

The Pickney brothers had been in the on-site sewer system construction business since 1989 and were familiar with a combination of on-site technologies that would make it possible to provide sewer service to small communities and subdivisions. Realizing that proper operation and maintenance would be critically important to the long term success of these systems, they created On-Site Systems, Inc. to provide for that need. In addition to maintenance and operation, the Pickney brothers were in a unique position to provide technical expertise and management to insure that the systems would be properly designed and constructed.

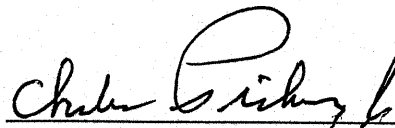
On April 4, 1994, the Public Service Commission granted to the company its original certificate of need and necessity to provide sewer service to Oakwood Subdivision in Maury County. On-Site Systems has subsequently been awarded over twenty-five additional service territories across the state by the Tennessee Regulatory Authority.

In July of 1997, the Tennessee Regulatory Authority granted On-Site's petition to serve Southridge Subdivision in Montgomery County. This service area was unique in that On-Site Systems, Inc. entered into a contract with the City of Clarksville to provide waste treatment and disposal services for the sewer effluent of the subdivision. Among the various provisions

of the contract (copy attached to our Petition), was the stipulation that if the effluent discharge created an objectionable odor, that On-Site Systems, Inc. would input the necessary odor control chemicals to control the odor problem. The city notified On-Site Systems, Inc in writing on May 15, 2000 that an odor problem existed and that On-Site needed to take action to alleviate the condition (copy of letter attached). On-Site Systems, Inc. began talking to the engineers at the City of Clarksville and companies in the odor control business to access what type of equipment and chemicals were needed to eliminate the problem. Dispensing equipment was purchased in early June 2001 and by June 15th; On-Site Systems was dispensing odor control chemicals into the effluent stream from Southridge Subdivision. It took some experimentation and experience with the equipment and finally, in November 2001, the odor problem was under control. The chemical being dispensed is bioxide, which is sold by U.S. Filter Company at a delivered price of approximately two dollars (\$2.00) per gallon. This results in an additional cost per customer of \$2.28 per month. During most of the year 2002, On-Site made inquiries to other chemical providers and experimenting with alternatives in an attempt to lower the cost. However, no cost effective substitute could be found.

On November 6, 2002, On-Site Systems, Inc. filed our petition to increase the monthly residential sewer charges from \$19.38 + actual cost to \$21.66 + actual cost to recover this additional expense.

This concludes my testimony.


Charles Pickney, Jr.

Gateway To The *New* South.



May 15, 2000

Mr. Bob Pickney
On-Site Systems, Inc.
7638 River Road Pike
Nashville, TN 37209

Re: Southpoint Step System Discharge
Odor Control

Mr. Pickney:

The City is continuing to receive odor complaints from the discharge of the Southridge Step System. The current stripping tower at the discharge seems to be actually aggravating the situation by removing the sulfides from the liquid and disbursing them into the air. Apparently the filter bed is totally ineffective. It appears that some type of chemical control such as the City uses at other points may be necessary.

Please take the necessary steps to relieve this situation. If you have any detailed questions concerning this matter you may wish to contact Mr. Kevin Buchanan at (931) 553-2424. Mr. Buchanan is in charge of resolving other sewer odor problems within the City system.

Respectfully,

A handwritten signature in black ink, appearing to read "Denzil J. Biter", is written over a horizontal line.

Denzil J. Biter
City Engineer

DJB/th

cc: Kevin Buchanan, Pre Treatment Coordinator

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